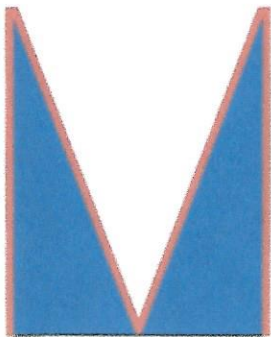


## **City of Plano**

Independent Accountant's Examination Report  
on Applying Agreed-Upon Procedures  
For the Period  
August 1, 2014 Through July 31, 2015



### **MARTIN P BROWN CPA**

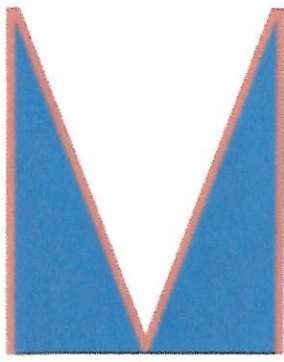
**Certified Public Accountant**

***"Managing Peoples' Business"***

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# MARTIN P BROWN CPA

**Certified Public Accountant**

***"Managing Peoples' Business For 15 Years"***

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## Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor  
And Members of City Council:

I have performed the procedures enumerated below which were established pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide oversight of certain Iowa cities. Accordingly, I have applied certain tests and procedures to selected accounting records and related information of the City of Plano for the period August 1, 2014 to July 31, 2015. The City of Plano's management, which agreed to the performance of the procedures performed, is responsible for the City's records.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed are summarized as follows:

1. I reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. I reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. I reviewed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. I obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. I reviewed City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. I reviewed the City's fiscal year 2015 Annual Financial Report (AFR) to determine whether it was completed and accurately reflects the City's financial information.
7. I reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.



8. I reviewed compliance with Chapters 12C.2, 12B.10 and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
9. I reviewed and tested selected receipts for accurate accounting and consistency with the recommended COA.
10. I reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
11. I reviewed and tested selected payroll and related party transactions for propriety, proper authorization and accurate accounting.
12. I reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, I identified various recommendations for the City. My recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

These agreed upon procedures do not constitute an audit of the financial statements or any part thereof, the objective of which is the expression of an opinion on the financial statements or a part thereof. Had I performed additional procedures, or had I performed an audit of the City of Plano, additional matters might have come to my attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Plano and other parties to whom the City of Plano may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by the personnel of the City of Plano during the course of these agreed upon procedures. If you have any questions concerning any of the above matters, I will be pleased to discuss them with you at your convenience.



Martin P Brown CPA  
Certified Public Accountant  
November 5, 2015

City of Plano  
Detailed Recommendations  
For the period August 1, 2014 through July 31, 2015

(A) Segregation of Duties: One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties which are incompatible. Generally, one individual has control over each of the following areas for the City:

- (1) Cash: handling, recording and reconciling.
- (2) Receipts: opening mail, collecting, depositing, journalizing, reconciling and posting.
- (3) Disbursements: purchasing, invoice processing, check writing, mailing, reconciling and recording.
- (4) Payroll: recordkeeping, preparation and distribution.
- (5) Financial Reporting: preparing and reconciling.
- (6) Journal Entries: preparing and journalizing.

In addition, checks require only one signature.

Recommendation: Segregation of duties is difficult with a limited number of employees. However, the City should periodically review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. The independent review procedures set up by the City, including reviews of reports by the Mayor and City Council, should be monitored to ensure continued compliance.

(B) Bank Reconciliations: Bank reconciliations are not being completed. General ledger amounts are traced directly to the ending bank statement amount. Investments are not reconciled. Balances are not presented on a clerk's report.

Recommendation: The Clerk's report and bank reconciliation should be presented to the City Council for approval each month.

(C) Timing of Fiscal Year End: Year-end is completed on the last day of the July bank statement, usually around July 25, instead of June 30. As a result, most July transactions are being reported in the prior fiscal year.

Recommendation: Procedures for reporting transactions should be reviewed to ensure all transactions are reported in the correct fiscal year.



City of Plano  
Detailed Recommendations  
For the period August 1, 2014 through July 31, 2015

- (D) Deposits and Investments—Depository Resolution: A resolution naming official depositories has not been adopted by the City Council as required by Chapter 12.C.2 of the Code of Iowa.

Recommendation: The City Council should, by resolution, approve amounts sufficient to cover anticipated balances at all approved depositories as required by Chapter 12.C.2 of the Code of Iowa.

- (E) Deposits and Investments—Investment Policy: The City has not adopted a written investment policy as required by Chapter 12.B.10B of the Code of Iowa. Per the agreed upon procedures engagement, no investments were noted to be out of compliance with Code provisions.

Recommendation: The City should adopt a written investment policy that complies with Chapter 12B.10B of the Code of Iowa.

- (F) Electronic Check Retention: Chapter 554D.114 of the Code of Iowa allows the City to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The City does not receive an image of the back of each cancelled check for its checking account nor does it receive images of its deposit tickets.

Recommendation: The City should obtain and retain images of both the front and back of cancelled checks and images of deposit tickets as required by Chapter 554D.114 of the Code of Iowa.

- (G) Documentation of Utility Expenditures: The City is not maintaining documentation of utility bills paid. These are paid by a coupon book.

Recommendation: The City should retain copies of payment coupons as evidence of City expenditures paid.

- (H) Reporting of Delinquent Utility Bills Assessed to City: The City's sewer is maintained by ADLM. Delinquent bills are assessed to the City for payment. While the minutes comment on discussion of delinquent bills, no listing of delinquent bills is maintained.

Recommendation: A listing of delinquent bills assessed to the City and actions taken regarding delinquent bills should be documented and reviewed by the City Council and documentation retained by the City.

City of Plano  
Detailed Recommendations  
For the period August 1, 2014 through July 31, 2015

- (I) City Council Minutes: None of the City Council minutes tested were signed by the City Clerk.

Recommendation: Iowa Chapter 380.7 requires the City Clerk to sign minutes of all City Council meetings.

- (J) Reporting of Receipts and Disbursements: The following are not being reported in the City's minutes or in a clerk's report: A summary of receipts, total disbursements from each fund, a comparison of actual to budgeted expenditures, and fund account balances.

Recommendation: A summary of receipts and disbursements from each fund, a comparison of budgeted to actual expenditures and fund account balances should be reported to the City Council as per Chapter 372.13(6).

- (K) Fund Balance Reporting—Annual Financial Report: Total Fund Balance as recorded on the City's Annual Financial Report at June 30, 2015 does not reconcile to the funds held by the City on that date. The Annual Financial Report indicates balances of \$78,561, while funds in the possession of the City at that date is \$100,601, a difference of \$22,040.

Recommendation: The City should establish procedures to ensure reports are accurate and should take action to correct the reports.

- (L) Disbursements Reporting—Annual Financial Report: Road Use receipts totaled \$12,957 on the Annual Financial Report, but totaled \$12,905 on the general ledger.

Recommendation: The City should establish procedures to ensure reports are accurate and should take action to correct the reports.

- (M) Certified Budget: Disbursements during the year ending June 30, 2015 totaled \$15,672, exceeding total budgeted expenditures of \$13,670. Road Use expenditures are being reported in the Special Fund, but are not being budgeted in the Special Fund. As a result, which fund was over budget has not been determined.

Recommendation: The budget should be amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements are allowed to exceed the budget.

City of Plano  
Detailed Recommendations  
For the Period August 1, 2014 through July 31, 2015

(N) Chart of Accounts: The City has not fully implemented the recommended Uniform Chart of Accounts (COA) for Iowa City Governments approved by the City Finance Committee on September 15, 2002.

Recommendation: To provide better financial information and control, the recommended COA, or its equivalent, should be followed.

City of Plano  
Other Information  
For the Period August 1, 2014 through July 31, 2015

The City of Plano was incorporated in 1916 and in 2010 had a population of 70. It is located in Appanoose County.

Officials at report date:

Name:	Title:	Term Expires:
Richard Gorden	Mayor	12/31/2017
Emma Leopard	Councilmember	12/31/2017
Wendell DeVore	Councilmember	12/31/2017
Nancy Jones	Councilmember	12/31/2017
Willa Dobbs	Councilmember	12/31/2017
Rhonda Bland	Councilmember	12/31/2017
Marilyn Gorden	City Clerk	Indefinite

This examination was performed by Martin P Brown, Certified Public Accountant, of the firm Martin P Brown CPA